

C O U N C I L   C O M M U N I C A T I O N

TO: THE CITY COUNCIL  
FROM: THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE  
JUNE 15, 1988

SUBJECT: REVIEW OF FINANCING OPTIONS FOR WHITE SLOUGH WATER POLLUTION CONTROL PLANT  
EXPANSION PROJECT

PREPARED BY: City Manager

RECOMMENDED ACTION: That the City Council review financing options for the White Slough Water Pollution Control Plant Expansion Project and take action as deemed appropriate.

BACKGROUND INFORMATION: At the regular adjourned meeting of Wednesday, June 8, 1988 during a discussion of the White Slough project, the topic of financing option was introduced. Mr. John Fitzgerald, of the firm of Seidler-Fitzgerald Public Finance, will be in attendance at Wednesday night's meeting to present these financing options in greater detail for the Council information and consideration. Attached (Exhibit A) is a copy of the proposed schedule of this financing, as well as a recap of three available options (Exhibit B).

Respectfully submitted;



Thomas A. Peterson  
City Manager

TAP: br

Attachments

TXTA.07A COUNC381

# Seidler-Fitzgerald

Public Finance A Division of Seidler Amdeco Securities Inc. • Member: New York Stock Exchange, Inc.

**CITY OF LODI**  
**1988 wastewater Treatment Plant Expansion Project**  
**Certificates of Participation**  
**Bales Schedule**  
**(As of June 9, 1988)**

<u>Date</u>	<u>Activity</u>	<u>Responsible Party</u>
6/15/88	- City Council presentation on financing alternatives	City, S-F
	- City Council sets July 6 public hearing on adequacy of Environmental Impact Report (EIR)	City
7/6/88	- Public hearing on adequacy of EIR	City
	- City Council certifies adequacy of EIR	City
7/13/88	Distribute P.O.S. and legal documents (20 copies) to City Clerk for inclusion in agenda packet for July 20 City Council meeting	S-F, JHHW
7/20/88	City council approves financing, P.O.S. and legal documents, authorizes distribution of P.O.S. and authorizes City Manager and Finance Director to execute purchase contract subject to certain not-to-exceed parameters	city
7/21/88	Print and mail P.O.S.	S-F
7/25/88	Price issue	S-F
7/27/88	Sale of Certificates: purchase contract executed	City, S-F
8/24/88	Pre-closing (in Los Angeles)	JHHW
8/25/88	Closing (in Los Angeles); proceeds received by City	All Parties

JUNE 1988	JULY 1988	AUGUST 1988
S M T W T F S	S M T W T F S	S M T W T F S
1 2 3 4	1 2	1 2 3 4 5 6
5 6 7 8 9 10 11	3 4 5 6 7 8 9	7 8 9 10 11 12 13
12 13 14 15 16 17 18	10 11 12 13 14 15 16	14 15 16 17 18 19 20
19 20 21 22 23 24 25	17 18 19 20 21 22 23	21 22 23 24 25 26 27
26 27 28 29 30	24 25 26 27 28 29 30	28 29 30 31
	31	

**Parties:**

city: City of Lodi  
JHHW: Jones Hall Hill & White (Special Counsel)  
S-F: Seidler-Fitzgerald Public Finance (Underwriter)  
MR: Mudge Rose Guthrie Alexander & Ferdon (Underwriter's Counsel)

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EXHIBIT B

## CITY OF LODI 1988 WASTEWATER TREATMENT PLANT EXPANSION PROJECT FINANCING ALTERNATIVES JUNE 9, 1988

### Financing Alternatives

	A	B	C
Project Costs	910,931,000	\$10,931,000	\$10,932,000
City Contribution to Project	<-0->	<1,000,000>	<2,000,000>
Net Project to be Financed	10,931,000	9,931,000	8,431,000
Date of Financing	7/27/88	7/27/88	7/27/88
Land Acquisition	2/1/89	2/1/89	2/1/89
Construction Period	20 mos.	20 mos.	20 mos.
Start	5/1/89	5/1/89	5/1/89
End	1/1/91	1/1/91	1/1/91
Type of Financing	Cert. of Part.	Cert. of Part.	Cert. of Part.
Rating	Unrated	Unrated	Unrated
Average Interest Rate	8.25%	8.25%	8.25%
Life of Issue	30 yrs.	30 yrs.	30 yrs.
Principal Amount	\$11,495,000	\$10,345,000	\$ 9,200,030
Use of Funds from Issue:			
Construction and Land Acquisition	10,931,000	10,931,000	10,931,000
Less: City Contribution	<-0->	<1,000,000>	<2,000,000>
Interest Earned during Const.	<1,149,000>	<1,135,000>	<1,122,000>
Net Construction from Issue	9,782,000	8,796,000	7,809,000
Debt Service Reserve Fund	1,036,000	932,000	828,000
Funded Interest	-0-	-0-	-0-
Cost of Issuance	677,000	617,000	
Principal Amount	<u>\$11,495,000</u>	<u>\$10,345,000</u>	<u>\$ 9,200,000</u>
Annual Cash Flow (Bag. FY 88/89)			
Average Net Debt Service	\$ 963,000	\$ 867,000	\$ 770,000
Less: Fund Earnings @ 9.2%			
\$2.5MM Fund	t230,000>		
1.5MM Fund		<138,000>	
0.5MM Fund			<46,000>
Net Cost to Sever Enterprise	<u>\$ 733,000</u>	<u>\$ 729,000</u>	<u>\$ 724,000</u>